

## Message Text

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ORIGIN XMB-04

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DRAFTED BY XMB: K. O'BRIEN  
APPROVED BY NEA/ARN - MR. DRAPER  
A. PILZER  
EB/IFD/ODF:TPARKER  
NEA/ARN - MS. MONROE  
-----024930 170224Z /41  
R 162056Z JAN 78  
FM SECSTATE WASHDC  
TO AMEMBASSY BEIRUT

UNCLAS STATE 011412

E.O. 11652: N/A

TAGS: BPRO

SUBJECT: CFF PROGRAM IN LEBANON

THE FOLLOWING TELEX WAS SENT TO COUNCIL FOR DEVELOPMENT  
AND RECONSTRUCTION, GOVERNMENT OF THE REPUBLIC OF LEBANON,  
ATTN: DR. MOHAMMED ATALLAH, BEIRUT, LEBANON, ON 1/11/78  
QUOTE 1. FOR THE THREE BANKS WHICH WILL APPLY FOR OUR CFF  
CREDIT LINES MAY I SUGGEST AN INITIAL CREDIT LINE OF U.S.  
DOLS 2 MILLION FOR EACH BANK FOR THE FIRST YEAR. IF THE  
BANKS FULLY UTILIZE THE LINES IN LESS THAN ONE YEAR, WE  
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ARE PREPARED TO CONSIDER INCREASING THE FACILITIES AT ANY  
TIME.

2. IN A TYPICAL CFF TRANSACTION, THE LEBANESE BUYER OR  
END USER MUST PAY A 15 PERCENT CASH DOWN PAYMENT, 42.5  
PERCENT OF THE CONTRACT IS FINANCED WITH THE CFF CREDIT  
LINE AND 42.5 PERCENT IS FINANCED BY THE LEBANESE BANK,  
USUALLY BY BORROWING THE AMOUNT FROM A U.S. BANK. LAST  
JUNE, THE GROUP FROM EXIMBANK VISITING LEBANON WAS INFORMED

THAT THE LEBANESE BANKS WOULD BE ABLE TO FINANCE THEIR 42.5 PERCENT PORTION WITHOUT EXIMBANK'S GUARANTEE TO THE U.S. BANK LENDERS. IF THIS IS NO LONGER THE CASE, EXIMBANK WILL CONSIDER PROVIDING ITS GUARANTEE TO U.S. BANK LENDERS. IN OTHER WORDS, EXIMBANK IS WILLING TO CONSIDER A U.S. DOLS

2 MILLION CFF CREDIT LINE WITH A MATCHING U.S. DOLS TWO MILLION GUARANTEE TO A U.S. BANK WHICH PUTS UP A MATCHING CREDIT LINE. IF EACH LEBANESE BANK WERE TO RECEIVE A U.S. DOLS 2 MILLION CFF CREDIT AND U.S. DOLS 2 MILLION GUARANTEE, EACH BANK COULD FINANCE U.S. DOLS 4,706,000 OF U.S. EXPORTS DURING THE FIRST YEAR.

3. AS STATED IN OUR LETTER OF 12-22-77, THE GOVERNMENT GUARANTEE MUST COVER ALL FUNDS EXIMBANK DIRECTLY LENDS OR GUARANTEES IN CONNECTION WITH CFF TRANSACTIONS. IN THE EVENT EXIMBANK'S CFF GUARANTEE IS NECESSARY, EXIMBANK WILL REQUIRE THE GOVERNMENT OF LEBANON'S GUARANTEE ON THE AMOUNT OF THE CFF CREDIT (U.S. DOLS 2 MILLION) AND THE AMOUNT OF THE CFF GUARANTEE (U.S. DOLS 2 MILLION) FOR A GOVERNMENT GUARANTEE OF U.S. DOLS 4 MILLION FOR EACH LEBANESE BANK.

4. FINAL DECISION ON EACH CFF CREDIT LINE, WITH OR UNCLASSIFIED

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WITHOUT A CFF GUARANTEE, WILL BE MADE BY EXIMBANK'S BOARD OF DIRECTORS UPON RECEIPT OF THE REQUESTS FROM THE LEBANESE BANKS. THE DOLLAR AMOUNTS APPROVED BY THE BOARD MAY BE LESS THAN THE AMOUNTS SUGGESTED IN THIS TELEX AND WE WILL NOTIFY YOU OF THE EXACT AMOUNTS FOLLOWING THE BOARD ACTION. THE GOVERNMENT OF LEBANON GUARANTEE SHOULD THEREFORE PROBABLY BE STATED IN TERMS OF A MAXIMUM GUARANTEE AMOUNT OF U.S. 12 MILLION AS THE ACTUAL AMOUNTS APPROVED BY THE BOARD MAY BE LESS. ARTHUR PILZER/EXIMBANK UNQUOTE. CHRISTOPHER

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**To:** BEIRUT  
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